



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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David A. Vaudt, CPA
Auditor of State

NEWS RELEASE

FOR RELEASE January 20, 2006

Contact: Andy Nielsen
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the City of Wilton, Iowa.

The City's receipts totaled \$2,767,513 for the year ended June 30, 2005, a 9 percent decrease from 2004. The receipts included \$994,997 in property tax, \$122,677 from tax increment financing, \$852,359 from charges for service, \$293,843 from operating grants, contributions and restricted interest, \$119,389 from capital grants, contributions and restricted interest, \$234,976 from local option sales tax, \$41,017 from unrestricted interest on investments and \$108,255 from other general receipts.

Disbursements for the year totaled \$2,568,737, a 15 percent decrease from the prior year, and included \$519,410 for debt service, \$488,160 for public safety and \$321,655 for public works. Also, disbursements for business type activities totaled \$721,437.

The significant decrease in receipts and disbursements is due primarily to the completion of urban renewal, street and water improvement projects in fiscal 2004.

A copy of the report is available for review in the City Clerk's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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CITY OF WILTON
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2005

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City of Wilton

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dick Summy	Mayor	Jan 2006
Mark Lucas II	Mayor Pro tem	Jan 2006
Keith Stanley	Council Member	Jan 2006
Richard L. Garrison	Council Member	Jan 2008
George W. Freeland	Council Member	Jan 2008
Ted Glenney	Council Member	Jan 2008
Richard E. Wardenburg	Administrator	Oct 2004
Mark Anderson (Appointed)	Administrator	Indefinite
Lori A. Brown	Clerk/Treasurer	Indefinite
Gerald Denning	Attorney	Indefinite

City of Wilton



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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Wilton, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Wilton's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by another auditor whose report has been furnished to us. Our opinion, insofar as it relates to the condensed financial information included in Note 14 for the discretely presented component unit, is based on the report of the other auditor.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit and the report of the other auditor provide a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As described in Note 14, the City has chosen to present condensed financial information for its discretely presented component unit since complete financial statements of the component unit have been audited by another auditor and are available from the component unit. The report of the other auditor, dated August 1, 2005, expressed an unqualified opinion on the financial statements.

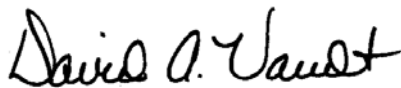
In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Wilton as of June 30, 2005, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2005 on our consideration of the City of Wilton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of

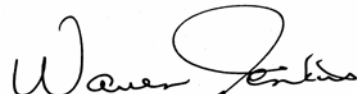
our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 7 through 11 and 28 through 30 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wilton's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 26, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Wilton provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2005 FINANCIAL HIGHLIGHTS

- The City's total receipts and transfers for governmental activities decreased 13.6%, or approximately \$297,000, from fiscal year 2004 to 2005. The total cost of all governmental activities programs and services decreased 14.2%, or approximately \$306,000. The decrease in receipts and disbursements was primarily the result of the completion of urban renewal, street and water improvement projects in fiscal 2004.
- The City's tax increment financing collections for 2005 decreased approximately 76% as a result of tax increment financing debt retired in fiscal 2004. This decrease resulted in an overall reduction of property tax receipts by approximately \$316,000 in 2005.
- The cost of all City government activities this year was approximately \$2,568,000 compared to \$3,026,000 last year. However, as shown in the Statement of Activities and Net Assets on pages 14-15, the amount taxpayers ultimately financed for these activities was approximately \$1,311,000 because some of the cost was paid by those directly benefited from the programs (\$844,000) or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest (\$413,000).

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, and 3) the Debt Service Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the water, sewer and garbage funds, considered to be major funds of the City.

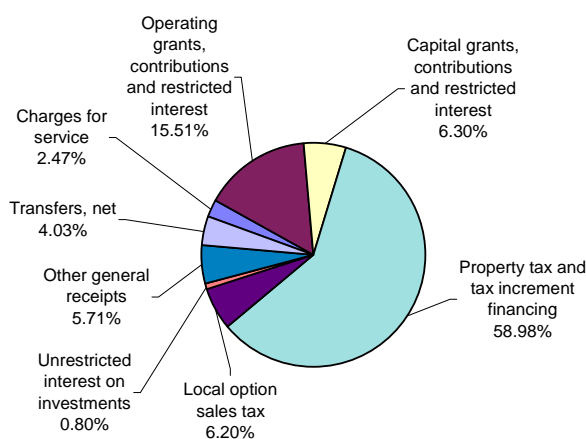
The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

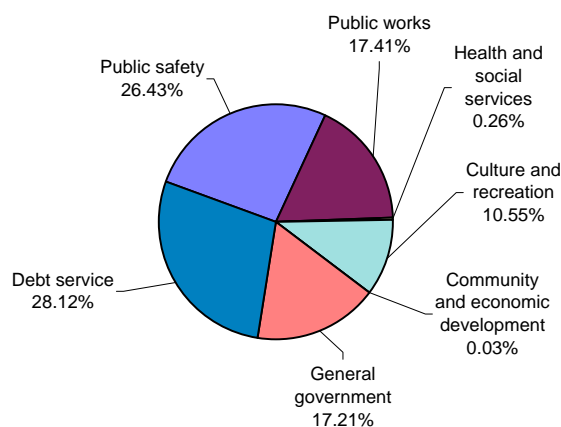
Net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in cash balances for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities			
		Year ended June 30,	
		2005	2004
Receipts and transfers:			
Program receipts:			
Charges for service	\$	46,860	39,660
Operating grants, contributions and restricted interest		293,843	305,957
Capital grants, contributions and restricted interest		119,389	51,883
General receipts:			
Property tax and tax increment financing		1,117,674	1,434,010
Local option sales tax		117,488	132,427
Unrestricted interest on investments		15,162	25,408
Other general receipts		108,255	107,927
Transfers, net		76,333	95,000
Total receipts and transfers		1,895,004	2,192,272
Disbursements:			
Public safety		488,160	457,701
Public works		321,655	541,199
Health and social services		4,737	2,540
Culture and recreation		194,888	188,628
Community and economic development		610	1,969
General government		317,840	295,138
Debt service		519,410	666,540
Total disbursements		1,847,300	2,153,715
Increase in cash basis net assets		47,704	38,557
Cash basis net assets beginning of year		1,784,664	1,746,107
Cash basis net assets end of year	\$	1,832,368	1,784,664

Receipts by Source



Disbursements by Function



Total governmental activities receipts and transfers for the fiscal year were \$1,895,004 compared to \$2,192,272 last year. The cost of all governmental activities this year was \$1,847,300 compared to \$2,153,715 last year. The decrease in receipts and disbursements was primarily the result of the completion of urban renewal street and water improvement projects in fiscal 2004.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year ended June 30,	
	2005	2004
Receipts:		
Program receipts:		
Water	\$ 262,232	220,327
Sewer	253,472	245,773
Garbage	226,039	228,561
Electric utility sales tax	63,756	73,891
General receipts:		
Local option sales tax	117,488	132,427
Unrestricted interest on investments	25,855	27,529
Total receipts	948,842	928,508
Disbursements and transfers:		
Water	171,046	274,732
Sewer	285,655	326,237
Garbage	197,850	188,088
Electric utility sales tax	66,886	73,861
Transfers, net	76,333	95,000
Total disbursements and transfers	797,770	957,918
Increase (decrease) in cash basis net assets	151,072	(29,410)
Cash basis net assets beginning of year	2,192,418	2,221,828
Cash basis net assets end of year	\$ 2,343,490	2,192,418

Total business type activities receipts for the fiscal year were \$948,842 compared to \$928,508 last year. The cash balance increased by \$151,072 from the prior year due primarily to the completion of water improvements in fiscal 2004.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Wilton completed the year, its governmental funds reported a combined fund balance of \$1,832,368, an increase of \$47,704 from last year's total of \$1,784,664. The following are the reasons for significant changes in cash balances of the major funds from the prior year.

- The General Fund cash balance increased \$31,209 from the prior year to \$827,534. The increase was due primarily to a fire protection equipment grant totaling approximately \$67,000.
- The Urban Renewal Tax Increment Fund cash balance decreased by \$18,788 to \$408,878. This was due to completion of projects and a reduction in related debt payments. In future years, we will release more valuation to the General Fund which will reduce TIF collections.
- The Road Use Tax Fund cash balance increased by over \$19,000 from the prior year to \$194,028. The increase was due to the completion of construction of a new street and storm sewer for the northeast development project during fiscal 2004.
- The Debt Service Fund cash balance increased by \$13,573 to \$284,655 during fiscal 2005. This was due to the collection of special assessments during fiscal 2005.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

The following are the reasons for significant changes in cash balances of the major funds from the prior year.

- The Water Fund cash balance increased by \$77,847 to \$733,384 due primarily to the completion of capital projects during fiscal 2004 and a rate increase during 2005.
- The Sewer Fund cash balance increased by \$63,292 to \$1,158,918 due to the completion of capital projects during fiscal 2004.
- The Garbage Fund cash balance increased by \$13,063 to \$454,288.

BUDGETARY HIGHLIGHTS

The City amended the fiscal year 2005 budget on June 13, 2005, which resulted in an increase of \$206,500 in disbursements due to public safety capital equipment purchases and other general type expenses in other departments.

DEBT ADMINISTRATION

At June 30, 2005, the City had \$5,126,000 in bonds and notes, compared to \$5,357,000 last year, as shown below.

Outstanding Debt at Year-End		
	June 30,	
	2005	2004
General obligation notes	\$ 3,660,000	3,820,000
Revenue bonds	1,466,000	1,537,000
Total	\$ 5,126,000	5,357,000

The constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$3,660,000 is about 60% of our constitutional debt limit of approximately \$6,200,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Wilton's elected and appointed officials and citizens considered many factors when setting the fiscal year 2006 budget, tax rates and fees charged for various City activities. One of those factors is the economy. The Wilton City Council believes the future of Wilton will continue to improve and grow. As CDS is planning an expansion, we expect new jobs in the future. The community is also working to raise funds to build a new library/community center within the next few years.

The City did not raise the tax rates for the 2006 fiscal year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact City Administrator Mark Anderson, 104 E 4th Street, PO Box 27, Wilton, Iowa, 52778, or by phone at (563) 732-2115.

City of Wilton

Basic Financial Statements

City of Wilton

Statement of Activities and Net Assets – Cash Basis

As of and for the year ended June 30, 2005

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 488,160	19,724	53,912	69,496
Public works	321,655	8,840	235,220	-
Health and social services	4,737	-	-	-
Culture and recreation	194,888	12,650	3,686	-
Community and economic development	610	-	-	-
General government	317,840	5,646	-	-
Debt service	519,410	-	1,025	49,893
Total governmental activities	1,847,300	46,860	293,843	119,389
Business type activities:				
Water	171,046	262,232	-	-
Sewer	285,655	253,472	-	-
Garbage	197,850	226,039	-	-
Electric utility sales tax	66,886	63,756	-	-
Total business type activities	721,437	805,499	-	-
Total	\$ 2,568,737	852,359	293,843	119,389
General Receipts:				
Property and other city tax levied for:				
General purposes				
Tax increment financing				
Debt service				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Urban renewal purposes				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(345,028)	-	(345,028)
(77,595)	-	(77,595)
(4,737)	-	(4,737)
(178,552)	-	(178,552)
(610)	-	(610)
(312,194)	-	(312,194)
(468,492)	-	(468,492)
(1,387,208)	-	(1,387,208)
-	91,186	91,186
-	(32,183)	(32,183)
-	28,189	28,189
-	(3,130)	(3,130)
-	84,062	84,062
(1,387,208)	84,062	(1,303,146)
615,362	-	615,362
122,677	-	122,677
379,635	-	379,635
117,488	117,488	234,976
15,162	25,855	41,017
108,255	-	108,255
76,333	(76,333)	-
1,434,912	67,010	1,501,922
47,704	151,072	198,776
1,784,664	2,192,418	3,977,082
\$ 1,832,368	2,343,490	4,175,858
\$ 408,878	-	408,878
194,028	-	194,028
284,655	61,121	345,776
117,273	-	117,273
827,534	2,282,369	3,109,903
\$ 1,832,368	2,343,490	4,175,858

City of Wilton

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2005

	Special Revenue		
	General	Urban Renewal Tax Increment	Road Use Tax
Receipts:			
Property tax	\$ 489,009	-	-
Tax increment financing	-	122,677	-
Other city tax	154,893	-	-
Licenses and permits	5,646	-	-
Use of money and property	20,181	965	-
Intergovernmental	118,592	-	239,519
Charges for service	24,041	-	-
Special assessments	280	-	-
Miscellaneous	45,015	-	-
Total receipts	857,657	123,642	239,519
Disbursements:			
Operating:			
Public safety	429,419	-	-
Public works	66,726	-	220,256
Health and social services	4,737	-	-
Culture and recreation	173,200	-	-
Community and economic development	610	-	-
General government	268,089	-	-
Debt service	-	142,430	-
Total disbursements	942,781	142,430	220,256
Excess (deficiency) of receipts over (under) disbursements	(85,124)	(18,788)	19,263
Other financing sources (uses):			
Operating transfers in	116,333	-	-
Operating transfers (out)	-	-	-
Total other financing sources (uses)	116,333	-	-
Net change in cash balances	31,209	(18,788)	19,263
Cash balances beginning of year	796,325	427,666	174,765
Cash balances end of year	\$ 827,534	408,878	194,028
Cash Basis Fund Balances			
Reserved for debt service	\$ -	-	-
Unreserved:			
General fund	827,534	-	-
Special revenue funds	-	408,878	194,028
Total cash basis fund balances	\$ 827,534	408,878	194,028

See notes to financial statements.

Debt Service	Nonmajor	Total
371,501	116,005	976,515
-	-	122,677
8,134	1,986	165,013
-	-	5,646
1,025	430	22,601
-	-	358,111
-	-	24,041
49,893	-	50,173
-	48,879	93,894
430,553	167,300	1,818,671
-	58,741	488,160
-	34,673	321,655
-	-	4,737
-	21,688	194,888
-	-	610
-	49,751	317,840
376,980	-	519,410
376,980	164,853	1,847,300
53,573	2,447	(28,629)
-	-	116,333
(40,000)	-	(40,000)
(40,000)	-	76,333
13,573	2,447	47,704
271,082	114,826	1,784,664
284,655	117,273	1,832,368
284,655	-	284,655
-	-	827,534
-	117,273	720,179
284,655	117,273	1,832,368

City of Wilton
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2005

	Enterprise		
	Water	Sewer	Garbage
Operating receipts:			
Charges for service	\$ 254,153	253,472	226,039
Miscellaneous	8,079	-	-
Total operating receipts	262,232	253,472	226,039
Operating disbursements:			
Business type activities	171,046	154,405	197,850
Excess (deficiency) of operating receipts over (under) operating disbursements	91,186	99,067	28,189
Non-operating receipts (disbursements):			
Other city tax	-	117,488	-
Interest on investments	10,994	9,987	4,874
Debt service	-	(131,250)	-
Total non-operating receipts (disbursements)	10,994	(3,775)	4,874
Excess (deficiency) of receipts over (under) disbursements	102,180	95,292	33,063
Other financing sources (uses):			
Operating transfers in	40,000	-	-
Operating transfers (out)	(64,333)	(32,000)	(20,000)
	(24,333)	(32,000)	(20,000)
Net change in cash balances	77,847	63,292	13,063
Cash balances beginning of year	655,537	1,095,626	441,225
Cash balances end of year	\$ 733,384	1,158,918	454,288
Cash Basis Fund Balances			
Reserved for debt service	\$ -	61,121	-
Unreserved	733,384	1,097,797	454,288
Total cash basis fund balances	\$ 733,384	1,158,918	454,288

See notes to financial statements.

Funds	
Nonmajor -	
Electric Utility	
Sales Tax	Total
63,756	797,420
-	8,079
63,756	805,499
66,886	590,187
(3,130)	215,312
-	117,488
-	25,855
-	(131,250)
-	12,093
(3,130)	227,405
-	40,000
-	(116,333)
-	(76,333)
(3,130)	151,072
30	2,192,418
(3,100)	2,343,490
-	61,121
(3,100)	2,282,369
(3,100)	2,343,490

City of Wilton

Notes to Financial Statements

June 30, 2005

(1) Summary of Significant Accounting Policies

The City of Wilton is a political subdivision of the State of Iowa located in Cedar and Muscatine Counties. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer and garbage utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Wilton has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

Blended Component Units

The Wilton Library Foundation, Friends of the Wilton Public Library and the Wilton Volunteer Fire Department are entities which are legally separate from the City but are so intertwined with the City that they are, in substance, the same as the City. They are reported as part of the City and blended into the nonmajor governmental funds.

Discretely Presented Component Unit

The Wilton Municipal Light and Power System (System) was established under Chapter 388 of the Code of Iowa to operate the City's electric utility. The System is governed by a five-member board appointed by the Mayor and approved by the City Council. In accordance with criteria set by the Governmental Accounting Standards Board, the System meets the definition of a component unit which should be discretely presented. Condensed financial statements presented in Note 14 were prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Complete financial statements can be obtained from the Wilton Municipal Light and Power System, 104 E. Fourth Street, Wilton, Iowa 52778.

Jointly Governed Organizations

The City participates in several jointly governed organizations for which the City is not financially accountable or the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of or appoint representatives to the following boards: Cedar and Muscatine County Assessor's Conference Boards, E911 Joint Service Board, Muscatine County Solid Waste Management Agency and Cedar County Solid Waste Commission.

B. Basis of Presentation

Government-wide Financial Statement - The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds and proprietary funds are aggregated and reported as nonmajor governmental funds and proprietary funds, respectively.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Road Use Tax Fund is used to account for road construction and maintenance.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

The Water Fund accounts for the operation and maintenance of the City's water system.

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Garbage Fund accounts for the operation and maintenance of the City's solid waste disposal system.

C. Measurement Focus and Basis of Accounting

The City of Wilton maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are incurred, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amount budgeted in the public safety function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other

evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation notes and sewer revenue bonds are as follows:

Year Ending June 30,	General Obligation Notes		Sewer Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 165,000	208,350	74,000	57,467	239,000	265,817
2007	170,000	199,937	77,000	54,566	247,000	254,503
2008	180,000	191,137	80,000	51,548	260,000	242,685
2009	190,000	181,697	83,000	48,412	273,000	230,109
2010	200,000	171,607	86,000	45,158	286,000	216,765
2011 - 2015	1,185,000	680,068	482,000	172,598	1,667,000	852,666
2016 - 2020	1,570,000	295,993	584,000	70,442	2,154,000	366,435
Total	\$ 3,660,000	1,928,789	1,466,000	500,191	5,126,000	2,428,980

The resolution providing for the issuance of the sewer revenue bonds issued under a loan agreement between the City of Wilton, the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. includes the following provisions:

- (1) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holder holds a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account for the purpose of making the bond principal and interest payments when due.
- (3) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

(4) Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state

statute. The City's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$44,330, \$41,685 and \$40,527, respectively, equal to the required contributions for each year.

(5) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees, primarily relating to the General Fund, totaled \$27,000 at June 30, 2005. This liability has been computed based on rates of pay in effect at June 30, 2005.

(6) Industrial Development Revenue Bonds

The City has issued a total of \$5,900,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$2,721,538 is outstanding at June 30, 2005. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

(7) Urban Renewal Project Rebate Agreements

In prior years, the City entered into four tax increment financing agreements. The City agreed to assist in urban renewal projects by rebating incremental taxes paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the participating companies will be rebated for a period of 15 years, beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The agreements end by fiscal year 2015. The total amount that will be rebated in any fiscal year for the four tax increment financing agreements is based on the assessed value of the land and buildings less the frozen property values times the property tax values for the City, Muscatine County and the Wilton Community School District, less the portion attributable to debt service for that year (fiscal year 2005 adjusted rate of \$27.56). The total rebated during the year ended June 30, 2005 was \$142,430. The total cumulative amount rebated since inception of the agreements was \$459,344.

(8) Risk Management

The City of Wilton is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

Transfer to	Transfer from	Amount
General	Enterprise:	
	Water	\$ 64,333
	Sewer	32,000
	Garbage	20,000
		<u>116,333</u>
Enterprise Water	Debt Service	<u>40,000</u>
Total		<u><u>\$ 156,333</u></u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

(10) Interfund Loan

During the year ended June 30, 2005, the Debt Service Fund repaid the interfund loan of \$40,000 from the prior year to the Enterprise, Water Fund. The initial purpose of the loan was for the Debt Service Fund to call outstanding special assessment notes and interest.

(11) Joint Venture

The City is a party to an agreement with the Wilton Community School District pursuant to Chapter 28E of the Code of Iowa to operate the public swimming pool. The pool was constructed by the District upon land donated by the City. The agreement established a separate entity known as the Recreational Swim Program governed by a five-member Board of Trustees, of whom two are appointed by the City, two by the District and one by the four members. Operating expenses are shared equally by the City and the District.

Selected unaudited information for the Wilton Community School District Swimming Pool for the year ended June 30, 2005 is as follows:

Receipts	\$ 147,827
Disbursements	<u>135,829</u>
Receipts over disbursements	11,998
Cash and investments at July 1, 2004	<u>12,696</u>
Cash and investments at June 30, 2005	<u><u>\$ 24,694</u></u>

The financial statements for the swimming pool can be obtained from the Wilton Community School District.

(12) Construction Contracts

The City has entered into construction contracts for street and water utility improvements totaling \$225,328. At June 30, 2005, no payments had been made on the contracts. The balance on the contracts will be paid as work on the projects progresses. The projects will be funded through local sources, as necessary.

(13) Subsequent Event

In August 2005, the City issued \$2,615,000 of general obligation refunding bonds to refund notes issued in prior years.

(14) Wilton Municipal Light and Power System

The Wilton Municipal Light and Power System provides electric service for the City of Wilton, Iowa. As permitted by GASB Statement No. 34, the City has opted to present condensed financial information for its discretely presented component unit. Following is the condensed financial information for the System for the year ended June 30, 2005.

Condensed Statement of Net Assets	
Assets	
Current assets	\$ 1,414,952
Capital assets, net of accumulated depreciation	3,719,370
Other	<u>7,686</u>
Total assets	<u>3,727,056</u>
Liabilities	
Long-term debt	1,164,840
Other liabilities	<u>181,404</u>
Total liabilities	<u>1,346,244</u>
Net Assets	
Invested in capital assets, net of related debt	2,554,530
Restricted	307,891
Unrestricted	<u>933,343</u>
Total net assets	<u><u>\$ 3,487,873</u></u>

Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating revenues:	
Electric sales	\$ 1,875,402
Other electric revenue	24,489
Other	<u>4,517</u>
Total operating revenues	<u>1,904,408</u>
Operating expenses:	
Production - power costs	\$ 1,273,265
Transmission and distribution	365,202
General and administrative	<u>213,852</u>
Operating income	<u>1,852,319</u>
Non-operating revenues (expenses):	
Interest income	20,442
Interest expense	<u>(60,619)</u>
Total non-operating revenues (expenses)	<u>(40,177)</u>
Net income	<u>11,912</u>
Net assets beginning of year	<u>3,783,852</u>
Net assets end of year	<u><u>\$ 3,795,764</u></u>

Required Supplementary Information

City of Wilton
 Budgetary Comparison Schedule
 of Receipts, Disbursements and Changes in Balances -
 Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2005

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 976,515	-	-
Tax increment financing	122,677	-	-
Other city tax	165,013	117,488	-
Licenses and permits	5,646	-	-
Use of money and property	22,601	25,855	366
Intergovernmental	358,111	9,154	-
Charges for service	24,041	754,769	-
Special assessments	50,173	-	-
Miscellaneous	93,895	41,576	21,032
Total receipts	<u>1,818,672</u>	<u>948,842</u>	<u>21,398</u>
Disbursements:			
Public safety	488,160	-	4,723
Public works	321,655	-	-
Health and social services	4,738	-	-
Culture and recreation	194,888	-	17,460
Community and economic development	610	-	-
General government	317,840	-	-
Debt service	519,410	-	-
Business type activities	-	721,437	-
Total disbursements	<u>1,847,301</u>	<u>721,437</u>	<u>22,183</u>
Excess (deficiency) of receipts over (under) disbursements	(28,629)	227,405	(785)
Other financing sources, net	<u>76,333</u>	<u>(76,333)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	47,704	151,072	(785)
Balances beginning of year	<u>1,784,664</u>	<u>2,192,418</u>	<u>40,699</u>
Balances end of year	<u><u>\$ 1,832,368</u></u>	<u><u>2,343,490</u></u>	<u><u>39,914</u></u>

See accompanying independent auditor's report.

Net	Budgeted Amounts		Final to Net Variance
	Original	Final	
976,515	972,064	972,064	4,451
122,677	121,760	121,760	917
282,501	137,337	137,337	145,164
5,646	17,050	17,050	(11,404)
48,090	24,000	24,000	24,090
367,265	218,000	218,000	149,265
778,810	1,069,300	1,069,300	(290,490)
50,173	25,825	25,825	24,348
114,439	172,000	172,000	(57,561)
2,746,116	2,757,336	2,757,336	(11,220)
483,437	381,900	478,400	(5,037)
321,655	307,450	350,950	29,295
4,738	4,000	6,500	1,762
177,428	177,203	193,203	15,775
610	2,000	2,000	1,390
317,840	308,550	331,550	13,710
519,410	522,464	522,464	3,054
721,437	1,042,900	1,067,900	346,463
2,546,555	2,746,467	2,952,967	406,412
199,561	10,869	(195,631)	395,192
-	59,631	59,631	(59,631)
199,561	70,500	(136,000)	335,561
3,936,383	4,004,907	4,004,907	(68,524)
4,135,944	4,075,407	3,868,907	267,037

City of Wilton

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$206,500. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2005, disbursements exceeded the amount budgeted in the public safety function.

Other Supplementary Information

City of Wilton

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2005

			Special
	Group Health Insurance	Road Use Equipment Reserve	Wilton Library Foundation
Receipts:			
Property tax	\$ 116,005	-	-
Other city tax	1,986	-	-
Use of money and property	64	-	351
Miscellaneous	27,847	-	12,200
Total receipts	145,902	-	12,551
Disbursements:			
Operating:			
Public safety	54,018	-	-
Public works	34,673	-	-
Culture and recreation	4,228	-	12,210
General government	49,751	-	-
Total disbursements	142,670	-	12,210
Net change in cash balances	3,232	-	341
Cash balances beginning of year	31,933	42,194	30,810
Cash balances end of year	\$ 35,165	42,194	31,151
Cash Basis Fund Balances			
Unreserved:			
Special revenue funds	\$ 35,165	42,194	31,151

See accompanying independent auditor's report.

Revenue		
Friends of the Wilton Public Library	Wilton Volunteer Fire Department	Total
-	-	116,005
-	-	1,986
-	15	430
3,569	5,263	48,879
3,569	5,278	167,300
-	4,723	58,741
-	-	34,673
5,250	-	21,688
-	-	49,751
5,250	4,723	164,853
(1,681)	555	2,447
5,783	4,106	114,826
4,102	4,661	117,273
4,102	4,661	117,273

City of Wilton
Schedule of Indebtedness
Year ended June 30, 2005

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Essential corporate purpose	Jun 1, 2000	5.20-6.15%	\$ 3,905,000
Curb and gutter	Jan 1, 2002	3.75-5.80	465,000
Total			
Sewer revenue bonds	Dec 13, 1999	3.92%	\$ 1,794,000

See accompanying independent auditor's report.

Balance Beginning of Year	Redeemed During Year	Balance End of Year	Interest Paid
3,390,000	140,000	3,250,000	194,582
430,000	20,000	410,000	21,798
<hr/>			
\$ 3,820,000	160,000	3,660,000	216,380
<hr/>			
1,537,000	71,000	1,466,000	60,250
<hr/>			

Schedule 3

City of Wilton
Bond and Note Maturities
June 30, 2005

Year Ending June 30,	General Obligation Notes					Revenue Bonds		
	Essential		Curb and Gutter			Sewer		
	Corporate Purpose					Issued Dec 13, 1999		
	Issued Jun 1, 2000		Issued Jan 1, 2002			Issued Dec 13, 1999		
	Interest		Interest			Interest		
Rates	Amount	Rates	Amount	Total	Rates	Amount		
2006	4.00%	\$ 145,000	4.00%	\$ 20,000	165,000	3.92%	\$ 74,000	
2007	4.25	150,000	4.25	20,000	170,000	3.92	77,000	
2008	4.40	160,000	4.40	20,000	180,000	3.92	80,000	
2009	4.55	170,000	4.55	20,000	190,000	3.92	83,000	
2010	4.70	175,000	4.70	25,000	200,000	3.92	86,000	
2011	4.85	185,000	4.85	25,000	210,000	3.92	89,000	
2012	5.00	200,000	5.00	25,000	225,000	3.92	93,000	
2013	5.10	210,000	5.00	25,000	235,000	3.92	96,000	
2014	5.20	220,000	5.00	30,000	250,000	3.92	100,000	
2015	5.30	235,000	5.00	30,000	265,000	3.92	104,000	
2016	5.40	250,000	5.00	30,000	280,000	3.92	108,000	
2017	5.50	260,000	5.00	30,000	290,000	3.92	112,000	
2018	5.60	280,000	5.00	35,000	315,000	3.92	117,000	
2019	5.70	295,000	5.00	35,000	330,000	3.92	121,000	
2020	5.80	315,000	5.00	40,000	355,000	3.92	126,000	
Total		\$ 3,250,000		\$ 410,000	3,660,000		\$ 1,466,000	

See accompanying independent auditor's report.

City of Wilton

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Three Years

	2005	2004	2003
Receipts:			
Property tax	\$ 976,515	902,414	985,518
Tax increment financing	122,677	506,339	343,281
Other city tax	165,013	175,378	155,248
Licenses and permits	5,646	4,947	5,492
Use of money and property	22,601	30,154	38,662
Intergovernmental	358,111	337,080	371,073
Charges for service	24,041	14,456	10,201
Special assessments	50,173	39,907	80,406
Miscellaneous	93,895	78,443	63,392
Total	\$ 1,818,672	2,089,118	2,053,273
Disbursements:			
Operating:			
Public safety	\$ 488,160	457,701	403,090
Public works	321,655	541,199	464,618
Health and social services	4,738	2,540	3,579
Culture and recreation	194,888	188,628	163,796
Community and economic development	610	1,969	12,770
General government	317,840	295,138	795,658
Debt service	519,410	666,540	401,926
Total	\$ 1,847,301	2,153,715	2,245,437

See accompanying independent auditor's report.

City of Wilton



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

David A. Vaudt, CPA
Auditor of State

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**Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards**

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Wilton, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated September 26, 2005. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Wilton's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Wilton's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness.

Compliance and Other Matters

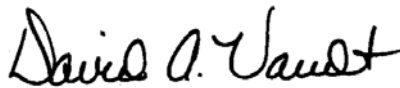
As part of obtaining reasonable assurance about whether the City of Wilton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance that is described in the accompanying Schedule of Findings.


Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Wilton and other parties to whom the City of Wilton may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Wilton during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA
Auditor of State



WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

September 26, 2005

City of Wilton

Schedule of Findings

Year ended June 30, 2005

Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

REPORTABLE CONDITIONS:

- (A) Records of Accounts – The Wilton Police Reserves maintain the accounting records pertaining to the Wilton Police Reserve account. The purpose of this account is to support the Wilton Police Reserves. The transactions and resulting balances are not recorded in the City's annual budget or monthly financial reports.

Chapter 384.20 of the Code of Iowa states, in part, "A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose."

Recommendation – For better accountability, financial and budgetary control, the financial activity and balances of all City accounts should be recorded in the Clerk's records. Internal control could be strengthened and operating efficiency could be increased by integrating the Wilton Police Reserve account receipts and disbursements with the City accounting records in the Clerk's office.

Response – Clerk will do a month end report for the Reserve account.

Conclusion – Response accepted.

Findings Related to Required Statutory Reporting:

- (1) Official Depository – A resolution naming an official depository has been approved by the City. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2005.
- (2) Certified Budget – Disbursements during the year ended June 30, 2005 exceeded the amount budgeted in the public safety function. Chapter 384.20 of the Code of Iowa states, in part, that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended in sufficient amount as required by Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will monitor this on a more regular basis.

Conclusion – Response accepted.

City of Wilton

Schedule of Findings

Year ended June 30, 2005

- (3) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (4) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (5) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Richard L. Garrison, Council Member, owner of Garrison's Garden Market and Greenhouse	Plants and trees	\$ 188
Ron Oveson and Robert Kreimeyer, Public Works, owners of O & K Landscaping	Landscaping, per bids	9,315

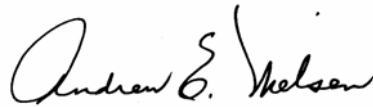
The transactions with the Council Member do not represent a conflict of interest in accordance with Chapter 362.5(10) of the Code of Iowa because the cumulative total during the fiscal year was less than \$1,500. The transactions with the Public Works employees do not appear to represent a conflict of interest since they were entered into through competitive bidding.

- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- (7) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (9) Revenue Bonds – No instances of non-compliance with the provisions of the sewer revenue bond indenture were noted.

City of Wilton
Staff

This audit was performed by:

Steven M. Nottger, CPA, Manager
Daniel L. Grady, Assistant Auditor
John G. Vanis, CGFM, Senior Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA
Deputy Auditor of State